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January 15, 2002

Ms. Gloria Blue  
Executive Secretary  
Trade Policy Staff Committee  
Office of the United States Trade Representative  
Room 501  
600 17<sup>th</sup> Street, N.W.  
Washington, D.C. 20508

Attention: Mr. Andrew Stephens, Director for Steel Trade Policy

Re: Response of the Timken Company to Comments Requesting Exclusion  
of Products from Import Relief for Certain Steel Products Under  
Section 203: Certain Bearing Quality Steel

Dear Ms. Blue:

On October 26, 2001, the Office of the U.S. Trade Representative, Trade Policy Staff Committee (TPSC), published a notice in the *Federal Register* inviting written comments and responses on what action the President should take with regard to steel imports under section 203 of the Trade Act of 1974, as amended (19 U.S.C. 2253).<sup>1</sup> The notice also invited responses to those comments.<sup>2</sup> By *Federal Register* notice dated December 28, 2001, the TPSC extended the deadline for such responses to January 15, 2002. 66 Fed. Reg. 67,349.

On behalf of The Timken Company (Timken) of Canton, Ohio, a U.S. producer of steel products covered by the section 201 investigation of steel imports (ITC Inv. No. TA-201-73), we hereby respond to comments submitted on January 4, 2002, on behalf of NTN, USA, (NTN) and Ovako Ajax, Inc., and Ovako Steel AB (collectively Ovako). Both sets of

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<sup>1</sup> 66 Fed. Reg. 54,321.

comments iterate the exclusion requests filed by these companies with the USTR on November 13, 2001.

The Timken Company responded to their original exclusion requests in its letter sent to the Office of the USTR on December 5. Timken's opposition to the requests and its reasons for opposition remain. In response to Ovako's request for exclusion of ball bearing steel, Timken opposed exclusion of ball bearing steel with a diameter of 1 and 7/8<sup>th</sup> inches and greater. It opposes any such exclusion because it is a domestic producer of ball bearing steel in these size ranges. Timken provided information on its domestic production of these products in its December 5 submission.

In its January 4, 2002, filing, Ovako once again argues (1) that ball bearing steel constitutes a distinct "like" product which should have been excluded from any remedy and (2) that domestic production of ball bearing steel is "captive" production because it is consumed by its producer. Timken reviewed the reasons why ball bearing steel did not constitute a separate like product in its December 5 filing (at 5-7). More importantly, the Commission itself has rejected this claim:

The "ball bearing steel" product on which Ovako focuses encompasses a variety of products with obvious physical differences, including both long products such as hot-rolled bar and tubular products such as seamless pipe. Ball bearing steel is not distinguished from other steel products by considerations of either productive facilities or uses. The Timken Co., a principal U.S. producer of "ball bearing steel," indicates that it makes other alloy steel products on the same equipment it uses to produce ball bearing steel." Not all ball bearings are produced with "ball bearing steel" and not all "ball bearing steel" is used to produce ball bearings. The information in the record indicates that ball bearing steel is neither sufficiently homogenous in terms of physical characteristics or end uses, nor sufficiently distinguished from

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<sup>2</sup> *Id.*

other types of steel subject to these investigations in terms of physical characteristics, uses, or production processes to warrant treating it as a separate article.<sup>3</sup>

Timken also explained in its December 5 letter that the majority of its 52100 steel sales are to unrelated parties.<sup>4</sup> Thus, the record contains no factual support for exclusion of “ball bearing steel” that is 1 and 7/8<sup>th</sup> inches and greater in diameter.

NTN has repeated its request for exclusion of (1) Bearing Quality Bar (ASTM A-534), (2) Special Bearing Quality Steel Bar(A-535), (3) Hot Rolled Round Bar (SAE 1053 and SAE 1040), and (4) SBM40.<sup>5</sup> Timken opposed all of these exclusions in its December 4, 2001, filing.<sup>6</sup> Its stated grounds for opposing 1 through 3 were that it is a domestic producer of these products.<sup>7</sup> It opposed exclusion of the last of these on the grounds that NTN had supplied no specifications for the product. In its current filing, NTN has stated its intention to supply a specification but has not actually done so.

NTN’s argument for exclusion of these products is that they conform to special variations of standard specifications and so are not made by domestic U.S. producers. It is the nature of the steel business that individual customers request steel products with specifications that vary from standard specifications. It is to be expected that a domestic producer who does not presently serve a particular customer will not presently produce products that conform to the customer’s variations on standard specifications. It does not mean that the special products cannot be made. The fact that NTN happens to have

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<sup>3</sup> *Steel*, Inv. No. TA-201-73, USITC Pub. 3479, Vol. I at 82 (Dec. 2001).

<sup>4</sup> See Timken December Ltr at 7-8.

<sup>5</sup> NTN Comments at 1-2 (January 4, 2002).

<sup>6</sup> Timken Opposition to Exclusion Requests at 13-15 (Dec. 5, 2001).

<sup>7</sup> *Id.*

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specialized specifications does not mean that they cannot be met by domestic producers that make the standardized products.

For all these reasons, The Timken Company once again urges the USTR to ignore the January 4, 2002, exclusion requests of Ovako and NTN that are discussed herein.

Respectfully submitted

A handwritten signature in blue ink that reads "William Fennell". The signature is fluid and cursive, with a long horizontal stroke extending from the end of the name.

Terence P. Stewart  
William A. Fennell

*Special Counsel to The Timken Company*